

TOWN OF MARION  
MARION, LOUISIANA

REPORT ON AUDIT OF  
BASIC FINANCIAL STATEMENTS

YEAR ENDED  
DECEMBER 31, 2014

TOWN OF MARION  
MARION, LOUISIANA  
ANNUAL FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION SCHEDULES  
FOR THE YEAR DECEMBER 31, 2014

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TOWN OF MARION  
MARION, LOUISIANA  
ANNUAL FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION SCHEDULES  
FOR THE YEAR DECEMBER 31, 2014

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June 19, 2015

INDEPENDENT AUDITORS REPORT

To the Honorable Mayor Kenneth W. Franklin  
and Members of the Board of Alderman and Alderwomen  
Town of Marion, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Marion, Louisiana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Marion, Louisiana, as of December 31, 2014, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages A thru E and on page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information of consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Marion, Louisiana's financial statements. The accompanying information listed as other supplemental information in the Table of Contents are presented for purposes of additional analysis are not a required part of the basic financial statements.

This supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information (except for the Schedule 5) has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Schedule 5 (Schedule of Insurance) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the Town of Marion's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Marion's internal control over financial reporting and compliance.

Garrett & Garrett, CPA

 Garrett & Garrett, CPAs

West Monroe, Louisiana  
June 19, 2015  
Garrett and Garrett, CPAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Marion, Louisiana**  
**Management's Discussion and Analysis**  
**December 31, 2014**

The management of the Town of Marion, Louisiana offers readers of the Town of Marion, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2014. Management discussion and analysis is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, or conditions.

Overview of the Financial Statements

The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the above categories reported as net position. The statement of activities shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the related cash flows.

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines and intergovernmental revenues for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees such as the water and sewer departments.

Fund Financial Statements

The Town of Marion, Louisiana maintains one individual governmental fund at this time, the General Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The Town adopts an annual budget for its general fund. A statement of revenues, expenditures and changes in fund balance is presented on Statement A which compares actual revenues and expenditures to the original budget and amended budget figures. The original budget was adopted December 2013 and it was amended December 2014.

The Town operates a proprietary fund. The Town uses an enterprise fund to account for its water and sewer disposal operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements. The notes are found on pages 12 - 29.

Government-Wide Financial Analysis

Overall, the Town's financial position and results of its operation did not improve in fiscal 2014. The largest percentage of the total assets (79%) is the Town's investment in net capital assets. The Town has outstanding debt of \$1,491,468.90, which was used to finance some of the \$ 6,044,835.48 capital assets. (For more detailed information on the Town's debt and capital assets, see pages 23-26.) The total liabilities of \$ 1,536,917.07 are 53% of the total net position.

The following table reflects the condensed statement of net position at December 31, 2014.

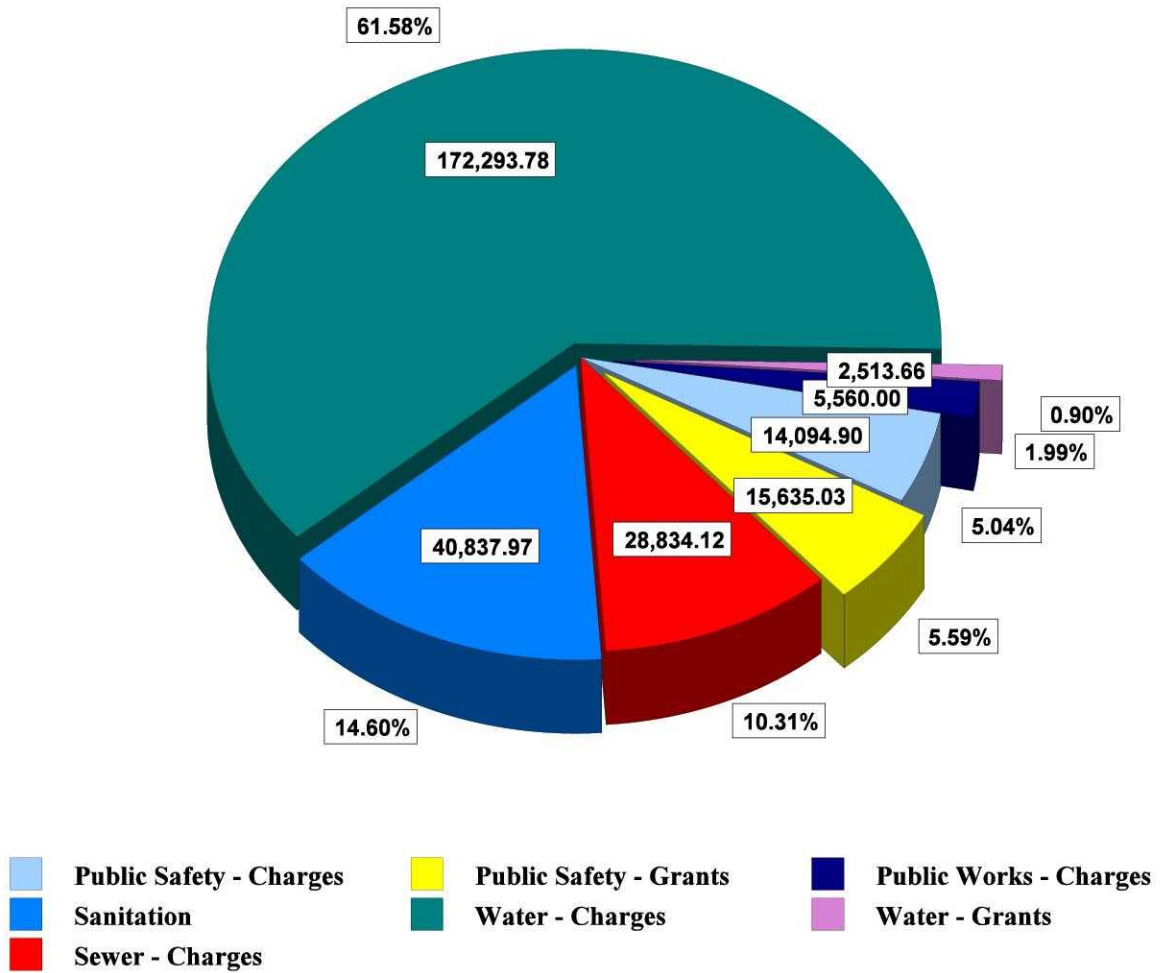
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2014 TOTAL	2013 TOTAL
<u>Assets</u>				
Current Assets	\$ 334,428.71	\$ 308,799.99	\$ 643,228.70	\$ 712,303.40
Non-Current Assets	<u>1,049,289.52</u>	<u>2,769,937.91</u>	<u>3,819,227.43</u>	<u>4,061,763.60</u>
Total Assets	<u>\$ 1,383,718.23</u>	<u>\$ 3,078,737.90</u>	<u>\$ 4,462,456.13</u>	<u>\$ 4,774,067.00</u>
<u>Liabilities</u>				
Current Liabilities	\$ 7,340.10	\$ 38,105.07	\$ 45,445.17	\$ 82,915.79
Non-current Liabilities	<u>90,064.24</u>	<u>1,401,404.66</u>	<u>1,491,468.90</u>	<u>1,535,266.64</u>
Total Liabilities	<u>\$ 97,404.34</u>	<u>\$ 1,439,509.73</u>	<u>\$ 1,536,914.07</u>	<u>\$ 1,618,182.43</u>
<u>Net Position</u>				
Investment in Capital Assets	\$ 949,245.07	\$ 1,084,177.21	\$ 2,033,422.28	\$ 2,179,505.56
Net of Related Debt				
Restricted for Debt Service	8,416.29	246,325.95	254,742.24	267,471.39
Unrestricted (Deficit)	<u>328,652.53</u>	<u>308,725.01</u>	<u>637,377.54</u>	<u>708,907.62</u>
Total Net Position	<u>\$ 1,286,313.89</u>	<u>\$ 1,639,228.17</u>	<u>\$ 2,925,542.06</u>	<u>\$ 3,155,884.57</u>

The Town's governmental activities decreased the net position by \$89,757.81, while business-type activities decreased net position by \$140,584.70. Below is a summary of the statement of activities:

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2014 TOTAL	2013 TOTAL
<u>Revenues</u>				
Program Revenues	\$ 76,127.90	\$ 203,641.56	\$ 279,769.46	\$ 397,360.21
General Revenues	<u>247,665.45</u>	<u>80,095.59</u>	<u>327,761.04</u>	<u>301,446.44</u>
Total Revenues	<u>\$ 323,793.35</u>	<u>\$ 283,737.15</u>	<u>\$ 607,530.50</u>	<u>\$ 698,806.65</u>
<u>Expenses</u>				
General and Administrative	\$ 91,747.53	\$ .00	\$ 91,747.53	\$ 121,157.22
Police Protection	172,462.38	.00	172,462.38	172,544.57
Fire Protection	63,694.07	.00	63,694.07	77,059.72
Public Works	59,696.14	.00	59,696.14	59,906.37
Sanitation	18,953.91	.00	18,953.91	18,864.11
Culture & Recreation	3,201.57	.00	3,201.57	4,445.89
Water & Sewer	.00	424,321.85	424,321.85	419,446.52
Interest on Long-Term Debt	<u>3,795.56</u>	<u>.00</u>	<u>3,795.56</u>	<u>3,809.72</u>
Total Expenses	<u>\$ 413,551.16</u>	<u>\$ 424,321.85</u>	<u>\$ 837,873.01</u>	<u>\$ 877,234.12</u>
<u>Increases(Decreases) in Net Position</u>	<u>\$ (89,757.81)</u>	<u>\$ (140,584.70)</u>	<u>\$ (230,342.51)</u>	<u>\$ (178,427.47)</u>
Net Position - January 1, 2014	<u>1,376,071.70</u>	<u>1,779,812.87</u>	<u>3,155,884.57</u>	<u>3,501,972.71</u>
Prior Period Adjustments	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>(167,660.67)</u>
Net Position - December 31, 2014	<u>\$ 1,286,313.89</u>	<u>\$ 1,639,228.17</u>	<u>\$ 2,925,542.06</u>	<u>\$ 3,155,884.57</u>



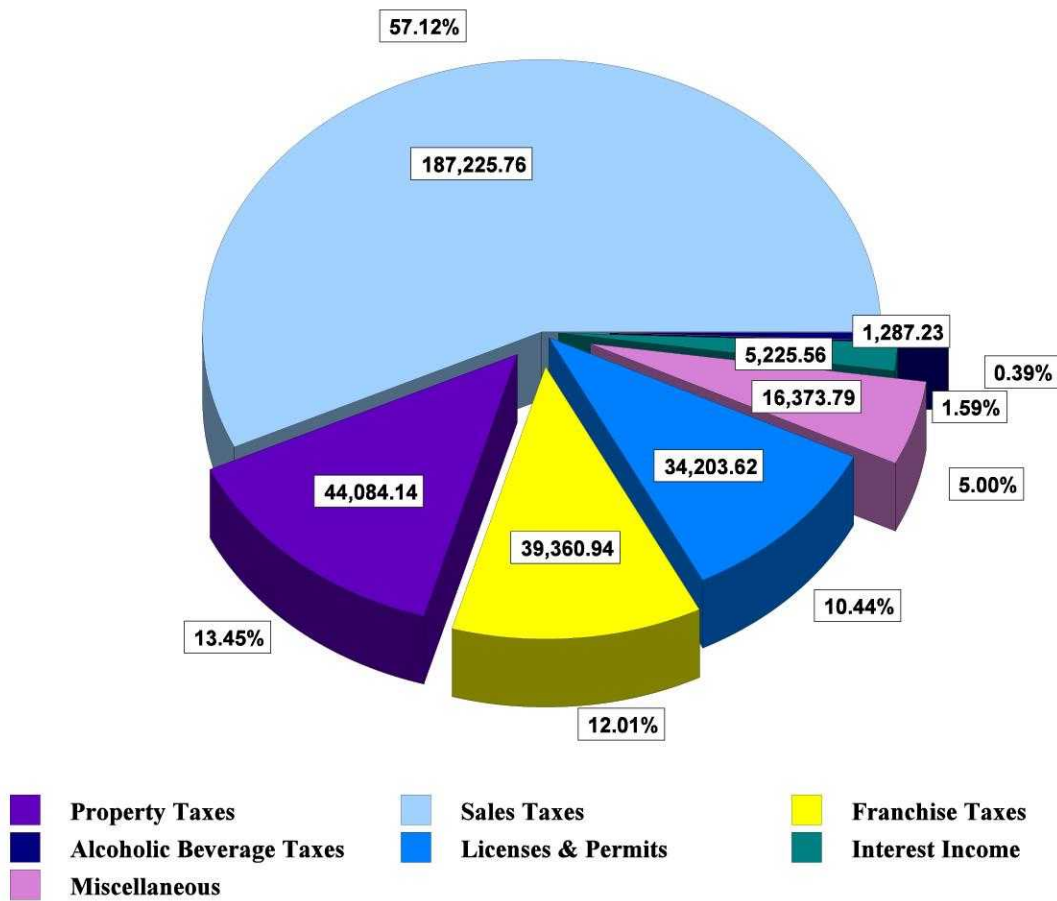
# PROGRAM REVENUES



## Program Revenues Are Broken Down By:

Public Safety - Charges	\$	14,094.90
Public Safety - Grants		15,635.03
Public Works - Charges		5,560.00
Sanitation		40,837.97
Water - Charges		172,293.78
Water - Grants		2,513.66
Sewer - Charges		28,834.12
Total Program Revenues	\$	<u>279,769.46</u>

# GENERAL REVENUES



## General Revenues Consist of the Following:

Property Taxes	\$	44,084.14
Sales Taxes		187,225.76
Franchise Taxes		39,360.94
Alcoholic Beverage Tax		1,287.23
Licenses & Permits		34,203.62
Interest Income		5,225.56
Miscellaneous		16,373.79
Total General Revenues	\$	<u>327,761.04</u>

### Financial Analysis of the Government's Funds

The Town of Marion's governmental funds reported an ending fund balance of \$337,068.82, which is a decrease of \$12,643.52.

The Town's proprietary fund shows an ending net position of \$1,639,228.17 which is a decrease of \$140,584.70.

### General Fund Budgetary Highlights

The major differences between the original budget and the final budget of the General Fund are:

1. The sales taxes increased by \$19,000.00 that were not anticipated on the original budget.
2. There were small increases across the board for all departments.

### Capital Assets and Debt Administration

The total investment in net capital assets as of December 31, 2014 is \$3,527,498.36

New major capital assets purchased in fiscal 2014 are:

1. In April 2014 the Town purchased \$5,114.00 water meters financed by the USDA Grant.
2. Sewer pumps were replaced in December 2014 for \$5,617.00 replacing the old pumps with a cost of \$4,435.00.
3. In the General Fund Police Department a computer was purchased for \$660.00.
4. In the General Fund a computer and a printer were donated to the Town from the LMA for \$1,277.00
5. The Fire Department purchased radios for a cost of \$2,361.00 in December 2014

### Current Financial Factors

Sales tax collected through May 2015 is \$40,806.25 compared to collections of \$59,554.11 for the same period in 2014.

The gallons of water sold for the first five months of 2015 decreased by 2,501,624 gallons from 2014. The reason for the decrease is due to meter register problems in 2014 and an unusual amount of rain in the 2015 spring season. The Town has replaced the registers which should solve the problem. The cost of the new registers is \$22,780.00. The registers were installed in May of 2015. Total water and sewer sales through May 2015 are \$73,070.00 and \$19,893.00, respectively. This is an increase of \$11,205.00 from 2014. The increase is due to the rates being changed in 2015 and the removal of the 8000 gallon cap on sewer charges. The garbage sales through May 2015 are \$20,510.00 compared with 2014's total of \$15,990.00.

### Construction Projects

The town has been approved for a LCDB Grant for \$323,600 for sewer improvements on Thomas, Lee, and Smith Streets. The project was started in January 2015 and will be completed this summer. As of May 2015 the total cost to Jabar Corporation is \$107,368.00. The total construction contract as of May 2015 is \$274,250.20. This includes a change order of \$15,800.90 due to lift station requirement changes.

### Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Johnnie Baker, Town Clerk, Marion, Louisiana.

## BASIC FINANCIAL STATEMENTS

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2014

EXHIBIT A

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 269,466.46	\$ 231,987.74	\$ 501,454.20
Investments	13,797.38	32,807.17	46,604.55
Receivables Net	35,339.13	43,069.92	78,409.05
Due from Other Funds	4,090.00	(4,090.00)	.00
Due from Other Governments	391.54	.00	391.54
Prepaid Items	11,344.20	5,025.16	16,369.36
Restricted Cash and Cash Equivalents	8,616.29	129,640.38	138,256.67
Restricted Investments	.00	153,472.40	153,472.40
Restricted Receivables: Due From Grant or Other Financing			
Capital Assets:			
Land	\$ 24,225.00	\$ 33,007.00	\$ 57,232.00
Construction in Progress	.00	34,390.00	34,390.00
Buildings	493,998.68	252,191.07	746,189.75
Improvements other than Buildings	138,476.84	.00	138,476.84
Infrastructure	554,124.55	3,444,226.82	3,998,351.37
Furniture and Equipment	702,759.50	367,436.02	1,070,195.52
Less Accumulated Depreciation	(872,911.34)	(1,644,425.78)	(2,517,337.12)
Capital Assets, Net of Depreciation	\$ 1,040,673.23	\$ 2,486,825.13	\$ 3,527,498.36
 Total Assets	 \$ 1,383,718.23	 \$ 3,078,737.90	 \$ 4,462,456.13
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,552.28	\$ 7,737.02	\$ 10,289.30
Accrued Liabilities	3,423.90	4,489.79	7,913.69
Customer Deposits	.00	24,635.00	24,635.00
Accrued Interest Payable	1,363.92	1,243.26	2,607.18
Noncurrent Payables:			
Current Portion of Revenue Bond			
Obligations	1,484.85	20,263.27	21,748.12
Non-Current Portion of Revenue Bond			
Obligations	88,579.39	1,381,141.39	1,469,720.78
Total Liabilities	\$ 97,404.34	\$ 1,439,509.73	\$ 1,536,914.07
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	\$ 949,245.07	\$ 1,084,177.21	\$ 2,033,422.28
Restricted for Debt Service	8,416.29	246,325.95	254,742.24
Unrestricted (Deficit)	328,652.53	308,725.01	637,377.54
Total Net Position	\$ 1,286,313.89	\$ 1,639,228.17	\$ 2,925,542.06

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

EXHIBIT B

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities							
General and Administrative	\$ 91,747.53	\$ .00	\$ .00	\$ .00	\$ (91,747.53)	\$ .00	\$ (91,747.53)
Police Protection	172,462.38	13,444.90	12,000.28	.00	(147,017.20)	.00	(147,017.20)
Fire Protection	63,694.07	650.00	3,634.75	.00	(59,409.32)	.00	(59,409.32)
Public Works	59,696.14	5,560.00	.00	.00	(54,136.14)	.00	(54,136.14)
Sanitation	18,953.91	39,085.00	1,752.97	.00	21,884.06	.00	21,884.06
Culture and Recreation	3,201.57	.00	.00	.00	(3,201.57)	.00	(3,201.57)
Interest on Long Term Debt	3,795.56	.00	.00	.00	(3,795.56)	.00	(3,795.56)
Total Governmental Activities	\$ 413,551.16	\$ 58,739.90	\$ 17,388.00	\$ .00	\$ (337,423.26)	\$ .00	\$ (337,423.26)
Business Type Activities							
Water	\$ 319,450.87	\$ 172,293.78	\$ .00	\$ 2,513.66	\$ .00	\$ (144,643.43)	\$ (144,643.43)
Sewer	104,870.98	28,834.12	.00	.00	.00	(76,036.86)	(76,036.86)
Total Business Type Activities	\$ 424,321.85	\$ 201,127.90	\$ .00	\$ 2,513.66	\$ .00	\$ (220,680.29)	\$ (220,680.29)
<b>TOTAL GOVERNMENT</b>	<b>\$ 837,873.01</b>	<b>\$ 259,867.80</b>	<b>\$ 17,388.00</b>	<b>\$ 2,513.66</b>	<b>\$ (337,423.26)</b>	<b>\$ (220,680.29)</b>	<b>\$ (558,103.55)</b>
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes	\$	44,084.14	\$	.00	\$	44,084.14	
Franchise Taxes		39,360.94		.00		39,360.94	
Sales Taxes		113,337.76		73,888.00		187,225.76	
Alcoholic Beverage Tax		1,287.23		.00		1,287.23	
Licenses and Permits		34,203.62		.00		34,203.62	
Interest Income		1,658.49		3,567.07		5,225.56	
Miscellaneous		6,956.53		2,640.52		9,597.05	
Donation of Capital Assets		1,276.74		.00		1,276.74	
Tower Rent		5,500.00		.00		5,500.00	
Total General Revenues	\$	247,665.45	\$	80,095.59	\$	327,761.04	
Change in Net Position	\$	(89,757.81)	\$	(140,584.70)	\$	(230,342.51)	
Net Position - Beginning of the Year		1,376,071.70		1,779,812.87		3,155,884.57	
<b>Net Position - End of the Year</b>	<b>\$</b>	<b>1,286,313.89</b>	<b>\$</b>	<b>1,639,228.17</b>	<b>\$</b>	<b>2,925,542.06</b>	

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

EXHIBIT C

	<u>MAJOR FUNDS</u> <u>GENERAL</u> <u>FUND</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 269,466.46
Investments	13,797.38
Receivables Net	
Ad Valorem Taxes	3,388.97
Sales and Use Taxes	31,950.16
Due from Other Funds	
Enterprise Fund	4,090.00
Due from Other Governments	
Louisiana Beer Tax Distribution	391.54
Restricted Assets: Cash and Cash Equivalents	8,616.29
Prepaid Items	11,344.20
Total Assets	<u>\$ 343,045.00</u>
<u>TOTAL ASSETS</u>	<u>\$ 343,045.00</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Accounts Payable	\$ 2,552.28
Accrued Liabilities	3,423.90
Total Liabilities	<u>\$ 5,976.18</u>
<u>FUND BALANCE:</u>	
Nonspendable	\$ 15,434.20
Restricted for Debt Service	8,416.29
Assigned to Capital Projects	200.00
Unassigned	313,018.33
Total Fund Balance	<u>\$ 337,068.82</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 343,045.00</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENTS OF NET POSITION  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

EXHIBIT C-1

	<u>MAJOR FUNDS</u> <u>GENERAL</u> <u>FUND</u>
<u>FUND BALANCES - TOTAL GOVERNMENT FUNDS</u>	<u>\$ 337,068.82</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental Capital Assets	1,913,584.57
Less: Accumulated Depreciation	(872,911.34)
Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Capital Bond Obligations:	
Bonds Payable - Fire Station Project	(90,064.24)
Accrued Interest Payable	<u>(1,363.92)</u>
<u>NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	<u>\$ 1,286,313.89</u>

The accompanying notes are an integral part of this statement



TOWN OF MARION  
MARION, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

EXHIBIT D

	<u>MAJOR FUNDS</u> <u>GENERAL</u> <u>FUND</u>
<u>REVENUES</u>	
Property Taxes	\$ 44,084.14
Franchise Taxes	39,360.94
Sales Taxes	113,337.76
Licenses and Permits	34,203.62
Intergovernmental	1,287.23
Sanitation Fees	39,085.00
Fines	12,788.90
Interest Income	1,658.49
Miscellaneous	8,262.53
Fire Department- Insurance Rebate	3,634.75
Police Supplemental Pay	12,000.28
Landfill Rebate	1,752.97
DOTD - Street Reimbursement	5,560.00
Donations	1,276.74
Tower Rent	5,500.00
Total Revenues	<u>\$ 323,793.35</u>
<u>EXPENDITURES</u>	
Current:	
General and Administrative	\$ 87,725.65
Police Protection	162,367.30
Fire Protection	12,925.51
Public Works	43,831.38
Sanitation Department	18,953.91
Culture and Recreation	1,135.33
Debt Service:	
Principle	1,426.03
Interest	3,773.97
Capital Outlays	4,297.79
Total Expenditures	<u>\$ 336,436.87</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>\$ (12,643.52)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Total Other Financing Sources (Uses)	<u>\$ .00</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (12,643.52)</u>
<u>FUND BALANCE, Beginning of Year</u>	<u>349,712.34</u>
<u>FUND BALANCE, End of Year</u>	<u>\$ 337,068.82</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

EXHIBIT D-1

	<u>MAJOR FUNDS</u> <u>GENERAL</u> <u>FUND</u>
<u>NET CHANGE IN FUND BALANCE- TOTAL</u> <u>GOVERNMENTAL FUNDS (EXHIBIT D)</u>	\$ (12,643.52)
Amounts reported for governmental activities (Exhibit B) in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.	
Expenditures for Capital Assets	4,297.79
Less: Current Year Depreciation	(82,859.70)
The repayment of principle on long-term debt consumes current financial resources of governmental funds which has no effect on net assets.	1,426.03
Interest on long-term debt is recognized over the life of the loan on the statement of activities report. However, on governmental funds interest is recognized when paid.	<u>21.59</u>
<u>CHANGE IN NET POSITION OF GOVERNMENTAL</u> <u>ACTIVITIES (EXHIBIT B)</u>	<u>\$ (89,757.81)</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2014

EXHIBIT E

<u>ASSETS</u>	<u>MAJOR FUNDS</u>		
	<u>BUSINESS - TYPE ACTIVITIES</u>		
	<u>ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 103,151.67	\$ 128,836.07	\$ 231,987.74
Accounts Receivable, Net	32,419.92	10,650.00	43,069.92
Investments	32,807.17	.00	32,807.17
Prepaid Items	3,157.96	1,867.20	5,025.16
Total Current Assets	<u>\$ 171,536.72</u>	<u>\$ 141,353.27</u>	<u>\$ 312,889.99</u>
<u>NON-CURRENT ASSETS</u>			
Restricted Assets:			
Water Fund - Meter Deposits	\$ 20,275.65	\$ .00	\$ 20,275.65
Water Sinking & Reserve Accounts	109,364.73	.00	109,364.73
Restricted Investments Water Meter	16,511.18	.00	16,511.18
Restricted Investments Water Projects	136,961.22	.00	136,961.22
Total Restricted Assets	<u>\$ 283,112.78</u>	<u>\$ .00</u>	<u>\$ 283,112.78</u>
<u>CAPITAL ASSETS</u>			
Land	\$ 18,400.00	\$ 14,607.00	\$ 33,007.00
Construction in Progress	.00	34,390.00	34,390.00
Buildings	252,191.07	.00	252,191.07
Infrastructure	2,472,236.84	971,989.98	3,444,226.82
Furniture and Equipment	359,216.02	8,220.00	367,436.02
Less: Accumulated Depreciation	(1,320,076.82)	(324,348.96)	(1,644,425.78)
Total Capital Assets	<u>\$ 1,781,967.11</u>	<u>\$ 704,858.02</u>	<u>\$ 2,486,825.13</u>
Total Non-Current Assets	<u>\$ 2,065,079.89</u>	<u>\$ 704,858.02</u>	<u>\$ 2,769,937.91</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,236,616.61</u>	<u>\$ 846,211.29</u>	<u>\$ 3,082,827.90</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES (Payable from Current Assets)</u>			
Accounts Payable	\$ 1,371.97	\$ 6,365.05	\$ 7,737.02
Accrued Liabilities	4,489.79	.00	4,489.79
Due To/From Other Funds	7,905.09	(3,815.09)	4,090.00
Total Current Liabilities (Payable from Current Assets)	<u>\$ 13,766.85</u>	<u>\$ 2,549.96</u>	<u>\$ 16,316.81</u>
<u>CURRENT LIABILITIES, (Payable from Restricted Assets)</u>			
Customers' Deposits	\$ 24,635.00	\$ .00	\$ 24,635.00
Accrued Interest	1,243.26	.00	1,243.26
Current Portion of USDA Bond Financing Well and Line	10,985.96	.00	10,985.96
Current Portion of USDA Bond Financing Water Tank	9,277.31	.00	9,277.31
Total Current Liabilities (Payable from Restricted Assets)	<u>\$ 46,141.53</u>	<u>\$ .00</u>	<u>\$ 46,141.53</u>
Total Current Liabilities	<u>\$ 59,908.38</u>	<u>\$ 2,549.96</u>	<u>\$ 62,458.34</u>
<u>NONCURRENT LIABILITIES</u>			
USDA Bond Financing Well and Line	\$ 834,209.78	\$ .00	\$ 834,209.78
USDA Bond Financing Water Tank	546,931.61	.00	546,931.61
Total Noncurrent Liabilities	<u>\$ 1,381,141.39</u>	<u>\$ .00</u>	<u>\$ 1,381,141.39</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 1,441,049.77</u>	<u>\$ 2,549.96</u>	<u>\$ 1,443,599.73</u>

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2014

EXHIBIT E  
CONTINUED

	<u>MAJOR FUNDS</u> <u>BUSINESS - TYPE ACTIVITIES</u> <u>ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>
<u>NET POSITION (DEFICIT)</u>			
Invested in Capital Assets Net of Related Debt	\$ 379,319.19	\$ 704,858.02	\$ 1,084,177.21
Restricted for:			
Capital Projects	246,325.95	.00	246,325.95
Unrestricted	169,921.70	138,803.31	308,725.01
<u>TOTAL NET POSITION (DEFICIT)</u>	<u>\$ 795,566.84</u>	<u>\$ 843,661.33</u>	<u>\$ 1,639,228.17</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

EXHIBIT F

	MAJOR FUNDS		
	BUSINESS - TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	WATER	SEWER	TOTAL
<u>OPERATING REVENUES:</u>			
Charges for Services	\$ 172,293.78	\$ 28,834.12	\$ 201,127.90
Sales Tax	36,944.00	36,944.00	73,888.00
Miscellaneous	1,274.77	1,365.75	2,640.52
Total Operating Revenues	<u>\$ 210,512.55</u>	<u>\$ 67,143.87</u>	<u>\$ 277,656.42</u>
<u>OPERATING EXPENSES:</u>			
Salaries and Employee Benefits	\$ 125,511.51	\$ 11,448.97	\$ 136,960.48
Office Supplies	3,378.03	948.94	4,326.97
Professional Fees	3,475.00	14,013.20	17,488.20
Repairs and Maintenance	18,361.60	8,147.03	26,508.63
Vehicle Expense	6,306.00	4,510.96	10,816.96
Utilities and Telephone	10,889.83	8,376.74	19,266.57
Depreciation and Amortization	107,303.21	26,465.13	133,768.34
EPA Testing	.00	1,905.00	1,905.00
Insurance	8,004.28	5,055.01	13,059.29
Bad Debts	1,900.00	.00	1,900.00
Administration Charge - Sewer	(24,000.00)	24,000.00	.00
Total Operating Expenses	<u>\$ 261,129.46</u>	<u>\$ 104,870.98</u>	<u>\$ 366,000.44</u>
Net Operating Income (Loss)	<u>\$ (50,616.91)</u>	<u>\$ (37,727.11)</u>	<u>\$ (88,344.02)</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Operating Interest	\$ 2,860.94	\$ 706.13	\$ 3,567.07
Interest Expenses	(58,321.41)	.00	(58,321.41)
Grant Income USDA (Returned to Federal Government)	(10,986.34)	.00	(10,986.34)
Grant Income LGAP	13,500.00	.00	13,500.00
Total Non-Operating Revenues (Expenses)	<u>\$ (52,946.81)</u>	<u>\$ 706.13</u>	<u>\$ (52,240.68)</u>
<u>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>\$ (103,563.72)</u>	<u>\$ (37,020.98)</u>	<u>\$ (140,584.70)</u>
<u>CHANGE IN NET POSITION</u>	<u>\$ (103,563.72)</u>	<u>\$ (37,020.98)</u>	<u>\$ (140,584.70)</u>
<u>NET-POSITION (DEFICIT) - Beginning of the Year</u>	<u>899,130.56</u>	<u>880,682.31</u>	<u>1,779,812.87</u>
<u>NET POSITION (DEFICIT) - End of the Year</u>	<u>\$ 795,566.84</u>	<u>\$ 843,661.33</u>	<u>\$ 1,639,228.17</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

EXHIBIT G

	MAJOR FUNDS		
	BUSINESS - TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	WATER	SEWER	TOTALS
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers	\$ 165,223.51	\$ 28,934.12	\$ 194,157.63
Payments to Suppliers	(52,834.27)	(40,403.09)	(93,237.36)
Payments to Employees	(125,558.01)	(11,448.97)	(137,006.98)
Other Receipts (Payments)	43,320.77	43,311.75	86,632.52
Internal Activity Payments to Other Funds	24,000.00	(24,000.00)	.00
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 54,152.00</u>	<u>\$ (3,606.19)</u>	<u>\$ 50,545.81</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Interfund Payable - General Fund	\$ 2,432.40	\$ 292.74	\$ 2,725.14
Interfund Payable - Enterprise Fund	1,630.43	(1,630.43)	.00
<u>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	<u>\$ 4,062.83</u>	<u>\$ (1,337.69)</u>	<u>\$ 2,725.14</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Proceeds from Grants	\$ 13,500.00	\$ .00	\$ 13,500.00
Proceeds from Long-Term Financing	47,841.00	.00	47,841.00
Purchase of Capital Assets	(45,172.74)	(5,617.31)	(50,790.05)
Payments for Long-Term Financing	(61,838.23)	.00	(61,838.23)
Payments for Interest on Long-Term Financing	(58,333.48)	.00	(58,333.48)
Payment to US Government - Repayment of Grant	(10,986.34)	.00	(10,986.34)
<u>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</u>	<u>\$ (114,989.79)</u>	<u>\$ (5,617.31)</u>	<u>\$ (120,607.10)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest Earned on Operating Fund	\$ 1,009.58	\$ 706.13	\$ 1,715.71
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	<u>\$ 1,009.58</u>	<u>\$ 706.13</u>	<u>\$ 1,715.71</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>\$ (55,765.38)</u>	<u>\$ (9,855.06)</u>	<u>\$ (65,620.44)</u>
<u>CASH AND CASH EQUIVALENTS - AT DECEMBER 31, 2013</u>	<u>288,557.43</u>	<u>138,691.13</u>	<u>427,248.56</u>
<u>CASH AND CASH EQUIVALENTS - AT DECEMBER 31, 2014</u>	<u>\$ 232,792.05</u>	<u>\$ 128,836.07</u>	<u>\$ 361,628.12</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:</u>			
Cash	\$ 103,151.67	\$ 128,836.07	\$ 231,987.74
Meter Deposits	20,275.65	.00	20,275.65
Water Well Project Checking			
Water Tank Project Checking		.00	
Water Sinking and Reserve Accounts	109,364.73	.00	109,364.73
<u>NET CASH AND CASH EQUIVALENTS</u>	<u>\$ 232,792.05</u>	<u>\$ 128,836.07</u>	<u>\$ 361,628.12</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (50,616.91)	\$ (37,727.11)	\$ (88,344.02)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	107,303.21	26,465.13	133,768.34

TOWN OF MARION  
MARION, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

EXHIBIT G  
CONTINUED

	MAJOR FUNDS		
	BUSINESS - TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	WATER	SEWER	TOTALS
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED (USED) BY OPERATING</u>			
<u>ACTIVITIES:</u>			
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable (Net)	\$ (68.27)	\$ 5,102.00	\$ 5,033.73
(Increase) Decrease in Prepaid Items	(894.09)	(471.24)	(1,365.33)
Increase (Decrease) in Accounts Payable	(1,261.18)	3,025.03	1,763.85
Increase (Decrease) in Accrued Liabilities	(46.50)	.00	(46.50)
Increase (Decrease) in Customers' Deposits	(264.26)	.00	(264.26)
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>\$ 54,152.00</u>	<u>\$ (3,606.19)</u>	<u>\$ 50,545.81</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF MARION  
MARION, LOUISIANA  
LIST OF NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

INTRODUCTION

The Town of Marion, Louisiana (hereafter referred to as the Town) was created under the provisions of the Lawrason Act, Louisiana Revised Statute 33:321, in 1909. Therefore, it operates under a Mayor-Board of Aldermen form of government.

The Mayor is elected for a four year term. The five alderpersons are elected every four years at large. They are compensated for their services.

The Town provides the following services: public safety (police and fire), streets, drainage, sanitation, utilities (water and sewer), recreation, public improvements, planning and zoning and general and administrative services.

The Town is situated in the north part of Union Parish. It has a population of 765 persons. It is currently serving water and sewer customers and employs 5 full and 2 part-time persons as well as a Chief of Police. The position is elected every four years.

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Marion, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units (Revised). The following is a summary of certain significant accounting policies.

Financial Reporting Entity - Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Town. The Town has no component units.

Government-Wide Accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In accordance with Government Accounting Standards Board Statement No. 34, the Town has presented a Statement of Net Position and Statement of Activities for the Town as a whole. These statements include the primary government, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-Wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-Wide statements distinguish between governmental-type and business-type activities. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity - Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocations of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

Application of FASB Statements and Interpretations - Reporting on governmental-type and business-type activities are based on FASB Statements and the Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Capitalized Assets - Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Amounts less than \$500 are not capitalized unless they are considered major by the mayor and council. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net assets.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Town has opted not to retroactively report these types of capital assets.

Program Revenues - The Statement of Activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for specific use.

Indirect Expenses - Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

Operating Revenues - Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Fund Accounting - The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds - Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund - is the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
3. Debt Service Funds - these funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The Town of Marion does not maintain a Debt Service Fund.
4. Capital Projects Funds - these funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds - Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary funds's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds include:

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Enterprise Funds - Account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town's enterprise fund includes services for water and sewer.

Basis of Accounting/Measurement Focus - The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, outflow, inflows and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers revenues to be available if they are collected within 60 days of the end of current fiscal period. Expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, outflows and inflows are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting - The Town adopts an annual budget for the General Fund and Enterprise Fund at their regular public board meeting in December each year. The annual budget is introduced at the regular November board meeting. An ordinance is published in the Town's official journal prior to the December meeting for public comments. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board of Alderpersons. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis. The Town is legally required to prepare annual operating budgets for both the General Fund and the Enterprise Fund. The Town monitors both funds' budgets in comparison with actual results monthly.

Cash and Cash Equivalents - Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments - Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Town are certificates of deposits held at Marion State Bank and the fair value is determined by the face value of the certificate.

Bad Debts - Uncollectible amounts for ad valorem taxes are generally not significant. The Town records ad valorem taxes on a cash basis, so no receivables are recorded until year end. Any ad valorem taxes collected within 60 days of year end are considered receivable, so bad debts are not recorded and are considered immaterial. For customers' utility receivables, the allowance method is used to account for uncollectible amounts. Under this method, an allowance account is set up for what is deemed to be uncollectible.

Inventories - Are not considered material and are therefore not recorded. The Town purchases supplies as needed and do not maintain inventory quantities on hand.

Short-Term Interfund Receivables/Payables - During the course of operation, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements' balance sheet. In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize their "grossing up" effect on assets and liabilities within the governmental activities column.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Restricted Assets - Certain proceeds of the governmental funds and the enterprise funds are classified as restricted assets on the balance sheet because their use is limited. Components of these assets are listed in note number 8.

Prepaid Items - The Town purchases commercial insurance to cover their risk. Insurance companies usually require the premiums to be paid in advance of the coverage periods.

Capital Assets - The Town's assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Equipment and Furniture	3 - 10 Years	Buildings	39 - 40 Years
Utility Plant/Sewer Collection System	5 - 40 Years	Infrastructure	40 - 60 Years
Vehicles	5 - 10 Years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Town has elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 40 years is the water and sewer system that is reported in the business-type activities of the Town. From this point forward, the Town will use the basic approach to infrastructure reporting for its governmental activities.

Compensated Absences - Town employees are entitled to ten days vacation time per year for the first five years of uninterrupted full time employment. Eighty hours are vested after three months of employment. For any new employee, vested vacation hours are prorated if the employee start day is in the last quarter of the year. After five years, each full time employee receives one hundred twenty hours of vacation; after ten years, one hundred sixty hours is received. Employees may carry forward from one year to the other no more than forty hours of earned vacation time. Each employee receives the entitled hours on January 1 of each year plus the unused carryforward hours. Eighty hours of sick time is accrued each year for all full time employees. Sick time is carried forward each year with a maximum accrued sick time of four hundred hours for each employee. Any vacation time is paid at the termination of employment, while sick time is not guaranteed. The Town also pays employees for eleven holidays, as well as a holiday for their individual birthday.

Long-Term Obligations - In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

At December 31, 2014, there are no long term leases.

In August 2005, the Town borrowed \$100,000 from U. S. Department of Agriculture for the fire station project. The Town makes yearly payments due in August each year of \$5,200 each for 40 years.

In June 2011, the Town borrowed \$1,497,000 from the U. S. Department of Agriculture for the construction of two new water wells and an elevated water tank. The payments are made monthly of \$3,545 for the water projects and \$2,843 for the tank projects.

Fund Equity - GASB Statement Number 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Committed Fund Balance - These amounts can only be used for specific purposes determined by formal resolutions or ordinances of the Town council - the government's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the city aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for us in satisfying those contractual requirements.

Assigned Fund Balance - This classification reflects the amounts whose intent is to be used for specific purposes, but are neither restricted nor committed. The Town council and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts(except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted not committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned- in order as needed.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

Major - Non-Major Funds - The Town of Marion considers all funds to be major funds, therefore, the Town did not have any Non-Major Funds as of December 31, 2014. The Town's Major Funds are: General Fund and Business Type Funds - Water and Sewer.

GASB - 63 - The GASB's (Government Accounting Standards Board) document number 63 was adopted for the year ended December 2012, which is basically a change in terminology.

GASB - 64 - This statements provides guidance on derivative instruments and application of hedge accounting termination provisions. This statements amends GASB statement number 53. This statement is effective for financial statements for periods beginning after June 15, 2011. The Town does not have any derivative instruments and hedge funds.

GASB - 65 - This provision concerns items previously reported as assets and liabilities. Liabilities such as deferred revenue are reported as deferred inflows of resources. Certain cost of construction projects that were traditionally added to the costs are now to be expensed out in the period occurred. These cost refer to the cost such as attorney fees, administrative cost, interest and fees to secure financing of the project. For prior year projects these costs are to be taken out of the cost of the assets and reclassified as a prior period adjustments. The Town reclassified the cost (net of depreciation) from the projects back to the year 2006. Projects before this date are considered to immaterial. The effective date of this provision is for periods beginning after December 15, 2012.

GASB - 66 - The statement is an amendment of GASB statements numbers 10 and 62. GASB 66 removes GASB 10 (Accounting and Financial Reporting for Risk Financing and Related Insurance Issues) by removing the provision that limits fund-based reporting of risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions on GASB 54. GASB 66 resolves conflicts between GASB 62 and other pronouncements. These changes clarify how to apply statement number 13 (Accounting for Operating Leases with Scheduled Rent Increases) and result in guidance that is consistent with requirements in statement number 48 (Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues). This statement is effective for periods beginning after December 15, 2012. The Town has one operating lease for a copy machine that is a yearly lease.

GASB - 67, 68, and 71 - These statements concern pension plans guidelines. GASB 67 is effective for financial statements for fiscal years beginning after June 15, 2013. GASB 68 is effective for fiscal years beginning after June 15, 2014 and GASB 71 should be applied simultaneously with the GASB 68. The Town has not implemented these guidelines, because the Town does not offer a public pension.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

GASB - 69 - This statement is guidance on government combinations and disposals of government operations. The effective date is for periods beginning after December 15, 2013. The Town did not have any transactions that would qualify for this statement.

GASB - 70 - The statement addresses accounting and financial reporting for nonexchange financial guarantees. The provisions are effective for financial statements for reporting beginning after June 15, 2013 and do not apply to the Town's 2014 financial statements.

GASB - 72 - Fair Value Measurement and application. The effective date of this statement is for reporting periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement does not apply to the Town's 2014 financial statements

NOTE # 2 - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits - The custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the town that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Town had no custodial risk related to its deposits at December 31, 2014.

At December 31, 2014, the Town has cash and cash equivalents and investments (book balances net of overdrafts) in the amount of \$839,787.82.

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principle offices in Louisiana.

At December 31, 2014, the Town has bank balances of cash and investments totaling \$842,028.85, as follows:

Cash in Checking or in Savings	\$ 503,552.93
Certificates of Deposits (Investments)	46,604.55
Restricted Assets (Cash)	77,272.21
Restricted Assets (Investments)	214,599.16
Total	<u>\$ 842,028.85</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. The Marion State Bank has pledged security with a face value of \$987,784.55 and a market value of \$1,032,329.73. Cash, cash equivalents and investments (bank balances), at December 31, 2014, are secured as follows:

Bank Balances	<u>\$ 842,028.85</u>
Federal Deposit Insurance	\$ 250,000.00
Pledge Securities (Market Value)	987,784.55
Total	<u>\$ 1,237,784.55</u>

Custodial Credit Risk - Investments - The custodial credit risk for investments is the risk that, in the event of the failure of the counter party, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town had no custodial credit risk related to its investments at December 31, 2014.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 2 - CASH AND INVESTMENTS CONTINUED

Interest Rate Risk - The Town manages its exposure to declines in fair market values by limiting investment portfolio to "money market investments", which are defined as creditworthy, highly liquid investments of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities are limited.

Credit Risk - The Town's investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits.

Concentration of Credit Risk - The Town is limited to investments instruments of: 1) certificates of deposit; 2) certain direct obligations of the U. S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

The state requires collateral pledged for deposits to be held in the government's name by the trust department. The trust department reviews collateral pledged on a quarterly basis. Most checking accounts pay interest on a monthly basis. Certificates of deposits pay interest at various times during the year. Most investment and cash accounts interest are paid at year end, so the amount of accrued interest is less than \$100 as of December 31, 2014, therefore no accrual was recorded.

NOTE # 3 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed during November each year and become delinquent after December 31, of the year.

For the Year Ended December 31, 2014, taxes of 7.43 mills were levied on 563 properties with assessed valuations totaling \$6,214,398 and were dedicated as follows:

General Fund              7.43 Mills

Total taxes levied and the corresponding assessed value for the last seven years.

<u>YEAR</u>	<u>TAXES LEVIED</u>	<u>ASSESSED VALUE</u>
2014	\$ 46,172.86	\$ 6,214,398.00
2013	47,543.37	5,876,563.00
2012	49,156.92	6,620,060.00
2011	46,620.93	7,181,400.00
2010	56,404.98	9,024,660.00
2009	33,171.19	5,307,250.00
2008	34,158.77	5,465,260.00

At the date of this report uncollected property taxes are in the amount of \$1,752.46 including interest. Two taxpayers owes \$1,136.40 of this amount. The taxes are for equipment attached to the gas well and a closed down nursing home. Union parish assessor's office advised the Town not to pursue the collection of this account because of potential legal liabilities. According to the Town employees the nursing home is in disrepair and may need to be torn down. The amount of \$616.06 is considered uncollectible. The Town has decided not to pursue the collection of the amount owed due to the advise of colleagues.

<u>TOP TAXES PAYERS</u>	<u>AMOUNT OF ASSESSED TAX</u>
Telephone Company	\$ 18,302.71
Bank	2,402.19
Telephone Company**	1,435.01
Utility Company	1,351.44
Gas Well*	879.47
Telephone Company**	947.92
Telephone Company**	690.69
Apartment Building	682.22
Land Development Company	541.20

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
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NOTE # 3 - PROPERTY TAXES CONTINUED

<u>TOP TAXES PAYERS</u>	<u>AMOUNT OF ASSESSED TAX</u>
Telephone Company**	\$ 457.62
Telephone Company**	457.32
Total	<u>\$ 28,147.79</u>

\* The Gas Well Company has not paid this assessment as of the date of this report and did not pay the assessment for the last three years.

\*\* These companies are all associated with a telephone company that operates a billing center in the Town. The associated companies were billed \$21,600.58 which is 52% of the total billed.

NOTE # 4 - SALES TAXES

Sales Taxes - Sales Taxes are levied by the Lincoln Parish Sales and Use Tax Commission and allocated to the Town according to their percentage of the collections. The Town allocates 60% of the collections to the General Fund and 40% to the Enterprise Fund. The Town collects taxes on 1% of sales and purchases in the Town. The total sales tax rate for Marion, including parish, state and city taxes is 9%. The Lincoln Parish Sales and Use Tax Commission charges the Town a percentage of the collections and only remits the net of the taxes collected to the Town by direct deposit monthly. The total fees deducted from the sales tax collections is \$2,066. The Town records the sales tax revenue at net of these fees.

THE TOP SALES TAX CONTRIBUTORS

Software Company	\$ 42,788.82
Telephone Company	30,795.15
Computer Hardware Retail Sales Company	15,241.28
Computer Technology Company	13,932.61
La. Dept. of Public Safety	12,271.42
Telephone Company	9,304.55
Grocery Store	8,257.64
Grocery Store	7,478.75
Forestry and Construction Equipment Company	4,066.43
Pharmacy	3,751.32
Total	<u>\$ 147,887.97</u>

The Total sales taxes for 2014 \$ 187,225.76

The list above represents 79% of the sales tax collections by the Town.

NOTE #5 - 2% INSURANCE REBATE

The Town receives an insurance rebate to cover the fire protection in the Town. The amount received during 2014 is \$3,634.75.

NOTE # 6 - RECEIVABLES

A summary of receivables as of December 31, 2014 is as follows:

<u>General Fund</u>	
Property Taxes	\$ 3,388.97
Sales Taxes	31,950.16
Receivable General fund	\$ 35,339.13
Beer Taxes due from State of Louisiana	391.54
Total General Fund,	<u>\$ 35,730.67</u>



TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 6 - RECEIVABLES CONTINUED

Enterprise Fund Water/Sewerage

Trade Accounts	\$ 23,491.92
NSF Check	178.00
Allowance for Doubtful Accounts	(1,900.00)
Total Trade Accounts,	\$ 21,769.92
Sales Taxes	21,300.00
Total Enterprise Fund Water/Sewerage	<u>\$ 43,069.92</u>
Total All Funds	<u>\$ 78,800.59</u>

Aged Accounts Receivable Water Customers:

TOTAL	CURRENT	DAYS 30 - 60	DAYS 60 - 90	DAYS OVER 90
\$ 23,491.92	\$ 22,117.05	\$ 1,153.28	\$ 127.43	\$ 94.16

GAIL DURBIN RECEIVABLE

In prior years the former Town Clerk stole property from the Town of Marion. She was ordered by the court to pay the Town back. She paid the Town \$1,200 in 2014. The balance owed to the Town at the end of the year is \$45,500. We do not consider this amount to be collectible at the present payment rate, therefore, the balance has not been included in the balance sheet of the General Fund.

NOTE # 7 - WATER & SEWER STATISTICS

MONTHLY RATES FOR SERVICES

	<u>Residential Rates</u>	<u>Commercial Rates</u>
<u>Water Rates are:</u>		
0- 2,000 Gallons	\$24.00	
Over 2,000 Gallons	\$4/1,000 Gal.	
0-10,000 Gallons		\$32.00
Over 10,000 Gallons		\$4/1,000 Gal.
<u>Sewer Rates are:</u>		
0-2,000 Gallons of Water used	\$5.00	\$5.00
All Customers Over 2,000 Gallons	\$1/1,000 Gal. with a max of 8,000 Gallons for a maximum Sewer charge of \$13.	\$1/1,000 Gal. with a max of 8,000 Gallons for a maximum Sewer charge of \$13.
<u>Garbage Rates are:</u>		
Regular Customers	\$7.50	\$7.50
Industry Customers		\$40 - \$300
Water Meter Tap	\$250.00	\$250.00
Sewer Installation	\$100.00	\$100.00

Late charges are charged at 5% of the total monthly bill. Reconnection charges are \$25 per incident. However some tapping fees are based on the cost of the work performed and the charge therefore will vary from one installation to another. Utility deposits are \$100 per water meter for residential and \$150 for renters.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 7 - WATER & SEWER STATISTICS CONTINUED

The Town changed their rates for services for bills mailed in January 2015. The rates in effect going forward are below:

MONTHLY RATES FOR SERVICES

	<u>Residential Rates</u>	<u>Commercial Rates</u>
<u>Water Rates are:</u>		
0- 2,000 Gallons	\$30.00	
Over 2,000 Gallons	\$4/1,000 Gal.	
0-10,000 Gallons		\$40.00
Over 10,000 Gallons		\$4/1,000 Gal.
<u>Sewer Rates are:</u>		
0-2,000 Gallons of Water used	\$10.00	\$10.00
All Customers Over 2,000 Gallons	\$1/1,000 Gal.	\$1/1,000 Gal.
	<u>Residential Rates</u>	<u>Commercial Rates</u>
<u>Garbage Rates are:</u>		
Regular Customers	\$10.00	\$10.00
Century Data		\$350 Flat
Century Services		\$150 Flat
Centurytel of La.		\$ 50 Flat
Sprinkler Meters	No Charge	
Out of Town Meters	No Charge	
Water Meter Tap	\$250.00	\$250.00
Sewer Installation	\$250.00	\$300.00
<u>Water Meter Deposit</u>		
Homeowners	\$100.00	
Renters	\$150.00	

ESTIMATED USAGE

The gallons of water billed during 2014 are 18,954,078 gallons for 355 customers. The population of Marion is 765. The gallons of water sold decreased in 2014 from 2013 by 1,932,398 gallons. The Town's 2013 average monthly gallons of water sold is 1,740,540 compared to 2014's average of 1,579,507.

	<u>2014</u>	<u>2013</u>
Water Sales Per Gallon	0.008700879	0.007852159
Sewer Sales Per Gallon	0.001510710	0.001315526
Average Trash Sales Per Month	\$ 3,257.08	\$ 3,240.00
Average Collections Per Month	19,177.39	19,730.75
Average Balance AR	20,869.98	25,430.58
Average Billing Per Month	19,386.36	19,291.92

METER PROBLEMS

As part of the water improvement project, the Town replaced all of their manually read water meters with radio frequency meters. The Town has experienced problems with the function of these meters. According to Town employees, the meters will stop measuring the water used and has to be replaced. The problem has been ongoing. The company that sold the meters to the Town was bought out by another company. The Town has replaced some of the defective meters but has not replaced all the originally purchased meters. This problem has caused the Town to lose revenue in their enterprise fund as well as additional cost of employee time. On the November 2014 meter reading report, there were at least 64 defected meters. Based on our review of the meter readings, some meters would report a reading one month and not the next. Then other meters would never report a reading. The Town replaced 15 meters in May 2014. In May 2015, the Town purchased registers to repair the meters.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 8 - RESTRICTED ASSETS

WATER/SEWER

Utility Meter Funds - The Town charges a utility deposit for their water customers. These funds are held in cash and investments and are returned to their customers at the termination of utility services after all bills are paid in full.

Water Revenue Bond Series 2011 - The Town is required in the agreement with the USDA Water Revenue Bonds, Series 2011 to fund monthly several cash accounts. Starting on July 20, 2011 and ending June 2051, the Town is required to fund a sinking fund in the monthly amounts of \$6,388. A sum of \$320 per month must be deposited into the Reserve Fund until \$76,656 has been accumulated therein. A sum of \$788 must be deposited monthly into the Short Lived Asset Fund until \$248,000 is on deposit in said Fund. A sum of \$320 per month must be deposited into the contingency fund which sum shall increase to \$767 per month once \$76,656 has been accumulated in the Reserve Fund. All required deposits were made in 2014.

GENERAL FUND/FIRE DEPARTMENT BUILDING

Public Improvement Bonds , Series 2005 - According to the Bond agreement, the Town set up two funds.

Reserve Fund - The Town must make monthly deposits of \$35 a month to a reserve fund commencing with the month following the completion of and acceptance of the improvements financed with the proceeds of the Bonds. A sum of \$44 per month must be deposited into the Reserve Fund until \$5,200 has been accumulated therein. The Town set up three reserve funds with a carrying balance totaling \$5,735.31.

Sinking Fund - The Town created a sinking fund to reserve each year's bond payments. The amount of the monthly deposit is \$433.34 with the last payment due on July 20, 2045. The USDA drafts the yearly payment from the general fund general checking account. The Town reimburses the general fund general checking periodically for the draft. As of the year end, the sinking fund has a \$2,660.98 balance.

LCDBG Street Project - During 2011, the Town set up a checking account for the LCDBG street project. The project was started and finished in 2012. At year end this account has a balance of \$200. The Town has applied for a new LCDBG project for the sewer and another street project. The Town is holding this account open to use for that project. The Town received a grant in 2014 for a sewer project that is to start and be completed in 3 to 4 months. This checking account will be used to manage this project.

These assets consist of cash and investments.

ENTERPRISE FUND

	2014
Customers' Deposits on Meters Checking	\$ 20,275.65
Customers' Deposits on Meters CD	16,511.18
Water Operation & Maintenance CD	22,931.93
CF Elevated Tank Debt Service Reserve CD	3,664.92
Water Contingency Fund Savings	12,676.80
Water Debt Service Reserve Savings	12,676.80
Water Sinking Fund Savings	61,126.76
Water Depreciation Short Lived Assets Savings	22,884.37
Water Depreciation Short Lived Assets CD	110,364.37
Total Cash and Investments	<u>\$ 283,112.78</u>

GENERAL FUND

Fire Bond Sinking Fund Savings	\$ 2,660.98
Fire Bond Reserve Fund Savings	1,491.47
Fire Bond Depreciation Fund Savings	2,131.92
Fire Bond Contingency Fund Savings	2,131.92
Project Fund	200.00
Total Cash and Investments	<u>\$ 8,616.29</u>

TOWN OF MARION  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE # 9 - CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2014 is as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
<b>GOVERNMENTAL ACTIVITIES</b>				
Non-Depreciable Assets:				
Land	\$ 24,225.00	\$ .00	\$ .00	\$ 24,225.00
Depreciable Assets:				
Buildings	495,697.68	.00	.00	495,697.68
Improvements Other Than Buildings	136,777.84	.00	.00	136,777.84
Machinery and Equipment	698,461.71	4,297.79	.00	702,759.50
Infrastructure	554,124.55	.00	.00	554,124.55
Totals at Historical Cost	<u>\$ 1,909,286.78</u>	<u>\$ 4,297.79</u>	<u>\$ .00</u>	<u>\$ 1,913,584.57</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (125,369.90)	\$ (16,551.38)	\$ .00	\$ (141,921.28)
Improvements	(106,840.73)	(1,838.12)	.00	(108,678.85)
Machinery and Equipment	(531,031.04)	(50,585.56)	.00	(581,616.60)
Infrastructure	(26,809.97)	(13,884.64)	.00	(40,694.61)
Total Accumulated Depreciation	<u>\$ (790,051.64)</u>	<u>\$ (82,859.70)</u>	<u>\$ .00</u>	<u>\$ (872,911.34)</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS NET</b>	<u><u>\$ 1,119,235.14</u></u>	<u><u>\$ (78,561.91)</u></u>	<u><u>\$ .00</u></u>	<u><u>\$ 1,040,673.23</u></u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Non-Depreciable Assets:				
Land	\$ 33,007.00	\$ .00	\$ .00	\$ 33,007.00
Construction in Process	34,390.00	.00	.00	34,390.00
Total	<u>\$ 67,397.00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 67,397.00</u>
Depreciable Assets:				
Buildings	252,191.07	.00	.00	252,191.07
Water System	2,467,023.17	5,213.67	.00	2,472,236.84
Sewer System	962,777.24	.00	(4,535.00)	958,242.24
Machinery and Equipment	355,939.07	25,244.69	.00	381,183.76
Totals at Historical Cost	<u>\$ 4,105,327.55</u>	<u>\$ 30,458.36</u>	<u>\$ (4,535.00)</u>	<u>\$ 4,131,250.91</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (18,403.87)	\$ (11,692.89)	\$ .00	\$ (30,096.76)
Water System	(1,073,635.81)	(64,249.13)	.00	(1,137,884.94)
Sewer System	(294,491.07)	(24,717.21)	4,535.00	(314,673.28)
Machinery and Equipment	(128,661.69)	(33,109.11)	.00	(161,770.80)
Total Accumulated Depreciation	<u>\$ (1,515,192.44)</u>	<u>\$ (133,768.34)</u>	<u>\$ 4,535.00</u>	<u>\$ (1,644,425.78)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS NET</b>	<u><u>\$ 2,590,135.11</u></u>	<u><u>\$ (103,309.98)</u></u>	<u><u>\$ .00</u></u>	<u><u>\$ 2,486,825.13</u></u>

The Town has one construction project at year end.

Sewer Project 2013 \$ 34,390.00

NOTE # 10 - PENSION PLANS

In 2001, the Town setup a SIMPLE IRA plan for all employees, including the Mayor and the Chief of Police. This plan can be set up by an employer, who has 100 or fewer employees who receive at least \$5,000 in compensation from the employer in any of the two preceding calendar years and who meets certain other requirements. Under a SIMPLE plan employees can choose to make salary reduction contributions rather than receiving these amounts as a part of their regular pay. Salary reduction contributions have to be paid 30 days after the end of the month for which contributions are to be made. Salary reductions can be up to \$12,000 for each employee for the year 2014. For those employees age 50 or over, an additional \$2,500 can be contributed for the year 2014. The accounts are vested as soon as received by the brokerage firm.

The employer matches either a dollar for dollar contribution up to 3% of employees' compensation or a fixed non-elective contribution of 2% of compensation. The Town matches dollar for dollar up to 3% of the employee's compensation. The Town's portion of the contributions to the plan is \$6,718 for 2014. All contributions were funded by January 2015.

The Town has not joined a public pension plan, GASB 67, 68 and 71 did not apply in 2014.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 11 - ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2014:

<u>Class of Payable</u>	<u>GOVERNMENTAL FUND</u>	<u>PROPRIETARY FUNDS</u>	<u>TOTAL</u>
Accounts	\$ 2,552.28	\$ 7,737.02	\$ 10,289.30
Withholding and Payroll Accruals	3,423.90	4,489.79	7,913.69
Due to General Fund (Offset Receivable on Governmental Fund)	.00	4,090.00	4,090.00
Customer Deposits	.00	24,635.00	24,635.00
Total Current Payables	<u>\$ 5,976.18</u>	<u>\$ 40,951.81</u>	<u>\$ 46,927.99</u>
<u>Current Portion of Long-Term Debt</u>			
USDA Bond Financing Well and Line	\$ .00	\$ 10,985.96	\$ 10,985.96
USDA Bond Financing Tank Project	.00	9,277.31	9,277.31
USDA Fire Department Improvement Bonds Series 2005	1,484.85	.00	1,484.85
Accrued Interest Payable	1,363.92	1,243.26	2,607.18
Total Current Portion of Long-Term Debt	<u>\$ 2,848.77</u>	<u>\$ 21,506.53</u>	<u>\$ 24,355.30</u>
Total Current Liabilities from Non-Restricted and Restricted Sources	<u>\$ 8,824.95</u>	<u>\$ 62,458.34</u>	<u>\$ 71,283.29</u>

NOTE # 12 - NOTES AND CAPITAL LEASES

Notes payable and capital leases at December 31, 2014 are comprised of the following:

Public Improvement Bonds, Series 2005:

The U. S. Department of Agriculture loaned the Town \$100,000 in Bonds that were sold on August 18, 2005 to build a new fire department building. Annual payments of \$5,200 are due on August 18 of each year until 2045 at an annual interest rate of 4.125%. Interest paid in 2014 equaled \$3,773.97. The bond balance owed at year end is \$90,064.24. A schedule of annual payments are listed below:

<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2015	\$ 3,715.15	\$ 1,484.85	\$ 5,200.00
2016	3,653.90	1,546.10	5,200.00
2017	3,590.12	1,609.88	5,200.00
2018	3,523.72	1,676.28	5,200.00
2019	3,454.57	1,745.43	5,200.00
2020 - 2024	16,131.59	9,868.41	26,000.00
2025 - 2029	13,921.24	12,078.76	26,000.00
2030 - 2034	11,215.83	14,784.17	26,000.00
2035 - 2039	7,904.42	18,095.58	26,000.00
2040 - 2044	3,851.35	22,148.65	26,000.00
2045	207.34	5,026.13	5,233.47
<u>TOTAL</u>	<u>\$ 71,169.23</u>	<u>\$ 90,064.24</u>	<u>\$ 161,233.47</u>

WATER REVENUE BONDS SERIES 2011

BOND R-1

USDA FINANCING WATER SYSTEM IMPROVEMENTS - WELLS AND DISTRIBUTION SYSTEM

In June 2011 the USDA loaned the Town \$871,000 in bonds that were sold at that time. The bonds were used to pay a Community Reach Interim financing loan of \$120,000 with an interest rate of 4% that was used to finance a test well as part of the water wells and distribution piping construction project. This financing also paid off an interest free loan from the Louisiana Public Financing in the amount of \$30,000. This loan is also part of the water well test hold project. The rest of the financing is to be used to complete the construction of two water wells and additional lines. This project was completed in 2012.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 12 - NOTES AND CAPITAL LEASES CONTINUED

This note is payable over 40 years, with the first payment of interest only of \$21,952.71. Commencing July 23, 2012 and on the 23rd day of each month thereafter through June 23, 2051, payments shall consist of equal, fully amortized monthly installments of principal and interest of \$3,545. Each payment shall be applied, first, to the payment of accrued interest and, second, to the payment of principal. The interest rate is 3 3/4% per annum. A schedule of the annual payments are listed below:

<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2015	\$ 31,554.04	\$ 10,985.96	\$ 42,540.00
2016	31,222.51	11,317.49	42,540.00
2017	30,701.83	11,838.17	42,540.00
2018	30,249.88	12,290.53	42,540.00
2019	29,779.88	12,760.12	42,540.00
2020 - 2024	141,376.13	71,323.87	212,700.00
2025 - 2029	126,566.98	86,133.02	212,700.00
2030 - 2034	108,798.85	103,901.15	212,700.00
2035 - 2039	87,364.58	125,335.42	212,700.00
2040 - 2044	61,536.83	151,163.17	212,700.00
2045 - 2049	30,301.40	182,398.60	212,700.00
2050 - 2051	2,088.57	65,748.24	67,836.81
<u>TOTAL</u>	<u>\$ 711,541.07</u>	<u>\$ 845,195.74</u>	<u>\$ 1,556,736.81</u>

BOND R-2

USDA FINANCING WATER SYSTEM IMPROVEMENTS - WATER ELEVATED TANK

With a principal amount of \$626,000, bearing interest at the rate of 4 1/2% per annum this loan is due each month after June 23, 2012 in the amount of \$2,843 each for 40 years. The last payment is due on June 23, 2051. This loan is used to finance the construction of a new elevated water tank. This project was completed in 2012 totaling \$481,159. The interest paid in June 2014 is \$26,422.45. The outstanding loan balance based on information from the USDA at December 31, 2014 is \$556,208.92. The Town drew additional funds from this loan for new fire hydrants and installation of 6" lines on Thomas and Taylor streets of \$97,000. The Town received the unpaid advance from the USDA of \$47,841 in January 2014. This money was used to pay the outstanding balance owed to Riley Engineers and Peck Construction for a total of \$8,158.67. The Town did not use the rest of the money and sent the balance left on the advance, plus the interest earned on the checking account, and the balance left in the checking account at December 31, 2013 back to the USDA. This amount totaled \$43,515.71. The USDA applied this amount against the loan balance. The original loan ends in 2051. With the reduction of the amount borrowed, the loan should end in 2044. We did not find any adjusted paperwork on the loan to reflect this change.

<u>YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2015	\$ 24,838.69	\$ 9,277.31	\$ 34,116.00
2016	24,482.06	9,633.94	34,116.00
2017	23,969.92	10,146.08	34,116.00
2018	23,503.80	10,612.20	34,116.00
2019	23,016.29	11,099.71	34,116.00
2020 - 2024	107,082.46	63,497.54	170,580.00
2025 - 2029	91,011.83	79,568.17	170,580.00
2030 - 2034	70,969.36	99,610.64	170,580.00
2035 - 2039	45,877.36	124,702.64	170,580.00
2040 - 2044	14,636.95	138,060.69	152,697.64
<u>TOTAL</u>	<u>\$ 449,388.72</u>	<u>\$ 556,208.92</u>	<u>\$ 1,005,597.64</u>

The schedule below shows the retirement of debt at December 31, 2014:

	<u>December 31, 2013</u>	<u>Retirement of Debt</u>	<u>December 31, 2014</u>
Governmental Fund:			
Public Improvement Bonds Fire Department Building	\$ 91,490.27	\$ 1,426.03	\$ 90,064.24
Enterprise Fund:			
Water Department, Water Revenue Bonds Series 2011			
R-1 Water Wells and Distribution System	\$ 855,824.71	\$ 10,628.97	\$ 845,195.74
R-2 Water Elevated Tank	607,418.18	51,209.26	556,208.92
Total Enterprise Fund	<u>\$ 1,463,242.89</u>	<u>\$ 61,838.23</u>	<u>\$ 1,401,404.66</u>
Total Retirement of Debt	<u>\$ 1,554,733.16</u>	<u>\$ 63,264.26</u>	<u>\$ 1,491,468.90</u>

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 12 - NOTES AND CAPITAL LEASES CONTINUED

The Town did not have any capital leases at year end.

NOTE # 13 - DEFICIT FUND EQUITY

As of December 31, 2014 no Town funds had deficit fund equities.

NOTE # 14 - INTERFUND BALANCES AND TRANSFERS

The Water Department collects and bills garbage and sewer fees. Garbage revenue is revenue of the General Fund, while the sewer revenue is revenue of that fund. At December 31, 2014 the Water Department owed the General Fund \$4,090 in garbage fees.

The payroll for the enterprise fund is paid out of the water fund. The sewer fund is charged fees each month for overhead paid by the water fund. The total of these charges are \$24,000.

There were no transfers between funds, except for those listed below and the administrative fees between the sewer and water funds.

Receivables and Payables

Interfund receivables and payables consisted of the following at December 31, 2014.

Due to General Fund from the Enterprise Fund Representing Garbage Revenue	\$ 4,090.00
Due from General Fund to the Enterprise Fund Representing Miscellaneous Fees	.00
Total	<u>\$ 4,090.00</u>

Summary of balances due from other funds reported in fund financial statements:

Due from Other funds, Balance Sheet (Net) - Governmental Funds	\$ 4,090.00
Due to Other Funds, Statement of Net Assets - Proprietary Funds	(4,090.00)
Total	<u>\$ .00</u>

These balances resulted from the timelag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments funds are made. All interfund receivables and payables were paid in January 2015.

NOTE # 15 - ON-BEHALF PAYMENTS

Certain Town employees in the Town's police department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement total \$12,000.

NOTE #16 - FUND CHANGES AND FUND BALANCES

Amounts for specific purposes by fund and fund balance classifications for the year ended December 31, 2014 are as follows:

<u>CLASSIFICATION/FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
<u>NON-SPENDABLE:</u>		
General Fund	Prepaid Items	\$ 11,344.20
General Fund	Interfund Advances	4,090.00
<u>RESTRICTED:</u>		
General Fund		
Fire Bond Sinking and Reserve Funds	Debt Service	8,416.29
<u>COMMITTED:</u>		
None		
<u>ASSIGNED:</u>		
Capital Project	Capital Project	200.00
<u>UNASSIGNED:</u>		
General Fund		<u>313,018.33</u>
<u>TOTAL FUND BALANCE</u>		<u>\$ 337,068.82</u>

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 17- PROPRIETARY FUND SEGMENT INFORMATION

The Town maintains one Enterprise Fund which provides water and sewer services. Segment information for the year ended December 31, 2014 is as follows:

Current Assets	\$ 312,889.99
Restricted Assets	283,112.78
Capital Assets, Net	2,486,825.13
Total Assets	<u>\$ 3,082,827.90</u>
Current Liabilities	\$ 16,316.81
Current Liabilities from Restricted Assets	46,141.53
Long-Term Debt	1,381,141.39
Total Liabilities	<u>\$ 1,443,599.73</u>
Invested in Capital Assets, Net	\$ 1,084,177.21
Restricted	246,325.95
Unrestricted	308,725.01
Total Net Position	<u>\$ 1,639,228.17</u>
Operating Revenues:	
Water/Sewer Sales and Service	\$ 201,127.90
Sales Taxes	73,888.00
Miscellaneous	2,640.52
Total Operating Revenues	<u>\$ 277,656.42</u>
Operating Expenses	\$ 366,000.44
Non - Operating Revenue	(52,240.68)
Change in Net Position	<u>\$ (140,584.70)</u>
Net Position (Deficit) - Beginning of Year	1,779,812.87
Net Position (Deficit) - Ending of Year	<u>\$ 1,639,228.17</u>

NOTE # 18 - STATEMENT OF CASH FLOWS FROM PROPRIETARY FUNDS

For purposes of this Statement of Cash Flows, for proprietary fund types, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents. The cash and cash equivalents as stated on the Statement of Cash Flows are as follows:

	<u>TOTAL</u>
Unrestricted	\$ 231,987.74
Restricted	129,640.38
Totals	<u>\$ 361,628.12</u>

The segment information on the Statement of Cash Flows is as follows:

	<u>TOTAL</u>
Cash Flows from Operating Activities	\$ 50,545.81
Cash Flows from Non-Capital Financing Activities	2,725.14
Cash Flows from Capital and Related Financing Activities	(120,607.10)
Cash Flows from Investing Activities	<u>1,715.71</u>
Net Increase (Decrease in Cash and Cash Equivalents	\$ (65,620.44)
Cash and Cash Equivalents - December 31, 2013	427,248.56
Cash and Cash Equivalents - December 31, 2014	<u>\$ 361,628.12</u>



TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 19 - CONTINGENCIES

Legal Actions

According to the Town and their attorney there were no active legal actions against the Town.

Lease Agreement

The Town entered into a five year lease agreement with the Union Parish School Board to lease the vacant high school located in the Town. The lease is for \$1 a year. The Town is to pay regular maintenance on the building utilities. In addition, the Town must provide for \$1 million liability insurance on the building. The school board is to pay for major repairs and to provide fire and other insurance on the building. The building has been used for community functions, for example; the mayhaw festival and a summer reading program for children.

NOTE # 20 - RELATED PARTY TRANSACTION

There are no related party transactions that came to our attention.

NOTE # 21 - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

NOTE # 22 - GRANTS AND OTHER FINANCING

Town Hall Renovations

This project was financed by a grant of \$127,379 from the USDA. In April 2014, the Town paid La. Utilities for work on the water meters that was paid with grant moneys totaling \$5,213.67. The Town returned to the US government \$10,986.34 in August 2014.

NOTE #23 SUBSEQUENT EVENTS

Subsequent events after the year end, and through June 19, 2015, the period the financial statements were available for management are as follows:

LCDBG Grant Sewer System

The Town applied for a grant from LCDBG Program public facilities improvements to construct 4,200 linear feet of 8" gravity sewer with testing and gravel bedding, 17 manholes and testing, 200 LF of 8" jack and bore gravity sewer, 600 LF of 4" jack and bore gravity sewer, 40 service cleanout, connect new sewer to existing manhole, 2,100 LF of 3" sewer force main, clearing and grubbing, driveway repairs, electrical repairs, electrical work, and other associated construction activities. Prior to 2014, the Town paid engineering costs of \$34,390 and consulting fees of \$5,000.

The project was not started until 2015 and should be finished by this summer. The only expenses paid in connection with this project in 2014 are charges by the consultant of \$10,000, legal fees of \$300, and some miscellaneous expenses of around \$238. These expenses were paid out of the sewer fund. The project is a sewer collection project on Thomas and Lee streets. The total budget for this project is \$472,830 with the Town paying \$110,400 and the LCDBG financing \$362,430.

The project was bid out in 2014 to Jabar Corporation for \$258,449.30. In 2015, there was a change order that increased the contract by \$15,800.90. The change order was due to additional electrical work on the lift station requirements by the power company and to adjust project quantities to actual field quantities.

Water Meters

The Town paid \$22,780 for registers to repair the faulty water meters. The Town only has one month in readings, since the repairs were not done until May 2015. From our inquiries with Town personnel, the meters seem to be working properly.

TOWN OF MARION  
MARION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE # 24 - OTHER

The Marion Volunteer Fire Department covers the Marion Fire District of Union Parish, with the majority of the fire district being in the rural area. The fire department is divided by two different entities. The major equipment and the buildings are owned by the Town. The volunteer fire fighters are members of a non-profit corporation. The members of the non-profit corporation run the fire department for the Town. Expenditures of the fire department that are related to the equipment and buildings are paid by the Town. These expenditures of the fire department are funded by an annual fire insurance rebate, which is included in the transactions of the General Fund. According to the Mayor, the purpose of the non-profit corporation is to provide equipment and other support to the Town's Fire Department. The non-profit's revenue is received from interest, dues, donations and gross proceeds from the Marion Mayhaw Festival. The Town pays some expenses related to the Mayhaw Festival, however, these expenses are limited to sanitation, music and security charges. The Town also pays for some of the educational and insurance charges.

## REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF MARION  
MARION, LOUISIANA  
GENERAL FUND

STATEMENT A

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>REVENUE</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
Property Taxes	\$ 46,000.00	\$ 45,000.00	\$ 44,084.14	\$ (915.86)
Franchise Taxes	37,800.00	40,400.00	39,360.94	(1,039.06)
Sales Taxes	100,000.00	119,000.00	113,337.76	(5,662.24)
Licenses and Permits	35,560.00	35,560.00	34,203.62	(1,356.38)
Intergovernmental	750.00	1,000.00	1,287.23	287.23
Sanitation Fees	39,000.00	39,000.00	39,085.00	85.00
Fines	9,500.00	13,000.00	12,788.90	(211.10)
Interest Income	1,650.00	1,300.00	1,658.49	358.49
Miscellaneous	1,000.00	1,000.00	8,262.53	7,262.53
Fire Department- Insurance Rebate	3,700.00	3,700.00	3,634.75	(65.25)
Police Supplemental Pay	14,500.00	15,570.00	12,000.28	(3,569.72)
Landfill Rebate	1,700.00	1,700.00	1,752.97	52.97
DOTD - Street Reimbursement	5,560.00	5,560.00	5,560.00	.00
Donations	.00	.00	1,276.74	1,276.74
Tower Rent	.00	.00	5,500.00	5,500.00
Total Revenues	<u>\$ 296,720.00</u>	<u>\$ 321,790.00</u>	<u>\$ 323,793.35</u>	<u>\$ 2,003.35</u>
<u>EXPENDITURES</u>				
Current				
General and Administrative	\$ 95,425.00	\$ 91,139.00	\$ 87,725.65	\$ 3,413.35
Police Protection	152,200.00	154,473.00	162,367.30	(7,894.30)
Fire Protection	14,920.00	14,300.00	12,925.51	1,374.49
Public Works	40,580.00	43,852.00	43,831.38	20.62
Sanitation Department	19,240.00	19,161.00	18,953.91	207.09
Culture and Recreation	1,470.00	947.00	1,135.33	(188.33)
Total Expenditures	<u>\$ 323,835.00</u>	<u>\$ 323,872.00</u>	<u>\$ 326,939.08</u>	<u>\$ (3,067.08)</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ (27,115.00)</u>	<u>\$ (2,082.00)</u>	<u>\$ (3,145.73)</u>	<u>\$ (1,063.73)</u>
<u>PAYMENTS FOR ACQUISITION OF CAPITAL ASSETS</u>	<u>\$ (5,894.00)</u>	<u>\$ (5,894.00)</u>	<u>\$ (4,297.79)</u>	<u>\$ 1,596.21</u>
<u>PAYMENTS TO LONG-TERM DEBT</u>	<u>\$ (5,200.00)</u>	<u>\$ (5,200.00)</u>	<u>\$ (5,200.00)</u>	<u>\$ .00</u>
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER)</u> <u>EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>	<u>\$ (38,209.00)</u>	<u>\$ (13,176.00)</u>	<u>\$ (12,643.52)</u>	<u>\$ 532.48</u>
<u>FUND BALANCE: BEGINNING</u>	<u>349,712.34</u>	<u>349,712.34</u>	<u>349,712.34</u>	<u>.00</u>
<u>FUND BALANCE: ENDING</u>	<u>\$ 311,503.34</u>	<u>\$ 336,536.34</u>	<u>\$ 337,068.82</u>	<u>\$ 532.48</u>

See accompanying notes and auditors' report.

#### **OTHER SUPPLEMENTAL INFORMATION**

TOWN OF MARION  
MARION, LOUISIANA  
PROPRIETARY FUND - WATER  
STATEMENT OF CHANGES IN FUND NET POSITION - BUDGET (GAAP) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE 1

	<u>WATER</u>			
	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<u>REVENUE</u>	\$ 195,250.00	\$ 199,300.00	\$ 210,512.55	\$ 11,212.55
<u>EXPENDITURES</u>				
Current				
Salaries and Employee Benefits	\$ 132,300.00	\$ 127,740.00	\$ 125,511.51	\$ 2,228.49
Office Supplies	4,000.00	3,500.00	3,378.03	121.97
Professional Fees	3,625.00	3,475.00	3,475.00	.00
Repairs and Maintenance	10,500.00	16,300.00	18,361.60	(2,061.60)
Vehicle Expense	5,000.00	4,300.00	6,306.00	(2,006.00)
Utilities and Telephone	10,200.00	10,600.00	10,889.83	(289.83)
Depreciation and Amortization	35,815.00	35,815.00	107,303.21	(71,488.21)
Insurance	7,200.00	9,310.00	8,004.28	1,305.72
Bad Debts	.00	.00	1,900.00	(1,900.00)
Miscellaneous	500.00	10,750.00	.00	10,750.00
Administration Charge Sewer	(24,000.00)	(24,000.00)	(24,000.00)	.00
Total Expenditures	<u>\$ 185,140.00</u>	<u>\$ 197,790.00</u>	<u>\$ 261,129.46</u>	<u>\$ (63,339.46)</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 10,110.00</u>	<u>\$ 1,510.00</u>	<u>\$ (50,616.91)</u>	<u>\$ (52,126.91)</u>
Non-Operating Revenues (Expenses):				
Investment Interest	\$ 800.00	\$ 633.00	\$ 2,860.94	\$ 2,227.94
Interest Expense	(58,321.00)	(58,321.00)	(58,321.41)	(.41)
Grant Income	.00	(11,000.00)	(10,986.34)	13.66
Grant Income State of Louisiana	.00	14,900.00	13,500.00	(1,400.00)
Total Non-Operating Revenues (Expenses)	<u>\$ (57,521.00)</u>	<u>\$ (53,788.00)</u>	<u>\$ (52,946.81)</u>	<u>\$ 841.19</u>
Net Income (Loss) Before Contributions and Transfers	\$ (47,411.00)	\$ (52,278.00)	\$ (103,563.72)	\$ (51,285.72)
Transfers	.00	.00	.00	.00
Change in Net Position	<u>\$ (47,411.00)</u>	<u>\$ (52,278.00)</u>	<u>\$ (103,563.72)</u>	<u>\$ (51,285.72)</u>
<u>NET POSITION - Beginning of the Year Originally Stated</u>	<u>899,130.56</u>	<u>899,130.56</u>	<u>899,130.56</u>	<u>.00</u>
<u>NET POSITION-END OF THE YEAR</u>	<u>\$ 851,719.56</u>	<u>\$ 846,852.56</u>	<u>\$ 795,566.84</u>	<u>\$ (51,285.72)</u>

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
PROPRIETARY FUND - SEWER  
STATEMENT OF CHANGES IN FUND NET POSITION - BUDGET (GAAP) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE 2

	SEWER			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>REVENUE</u>	\$ 62,100.00	\$ 66,500.00	\$ 67,143.87	\$ 643.87
<u>EXPENDITURES</u>				
Current				
Salaries and Employee Benefits	\$ 10,750.00	\$ 10,600.00	\$ 11,448.97	\$ (848.97)
Office Supplies	1,125.00	1,060.00	948.94	111.06
Professional Fees	3,625.00	3,475.00	14,013.20	(10,538.20)
Repairs and Maintenance	5,000.00	8,500.00	8,147.03	352.97
Vehicle Expense	5,000.00	4,300.00	4,510.96	(210.96)
Utilities and Telephone	8,300.00	8,950.00	8,376.74	573.26
Depreciation and Amortization	.00	.00	26,465.13	(26,465.13)
EPA Testing	3,400.00	500.00	1,905.00	(1,405.00)
Insurance	4,660.00	5,648.00	5,055.01	592.99
Bad Debts				
Miscellaneous	200.00	13,000.00	.00	13,000.00
Administration Charge Sewer	24,000.00	24,000.00	24,000.00	.00
Total Expenditures	\$ 66,060.00	\$ 80,033.00	\$ 104,870.98	\$ (24,837.98)
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	\$ (3,960.00)	\$ (13,533.00)	\$ (37,727.11)	\$ (24,194.11)
Non-Operating Revenues (Expenses):				
Investment Interest	\$ 740.00	\$ 710.00	\$ 706.13	\$ (3.87)
Interest Expenses	.00	.00	.00	.00
Total Non-Operating Revenues (Expenses)	\$ 740.00	\$ 710.00	\$ 706.13	\$ (3.87)
Net Income (Loss) Before Contributions and Transfers	\$ (3,220.00)	\$ (12,823.00)	\$ (37,020.98)	\$ (24,197.98)
Change in Net Position	\$ (3,220.00)	\$ (12,823.00)	\$ (37,020.98)	\$ (24,197.98)
Net Position-Beginning of the Year	880,682.31	880,682.31	880,682.31	.00
Net Position-End of the Year	\$ 877,462.31	\$ 867,859.31	\$ 843,661.33	\$ (24,197.98)

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO THE ELECTED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE 3

Mayor Kenneth W. Franklin	\$ 6,000.00
Alderman Ralph Holley	\$ 1,200.00
Alderman Johnny B. Gilliam	\$ 1,200.00
Alderman Danny A. Smith	\$ 1,200.00
Alderwoman Mary A. Smith	\$ 1,200.00
Alderman Eugene "Bubba" Hoggatt	\$ 1,200.00
Police Chief Mark Dodd	\$ 43,800.00

The council members' and police chief's term of office expires December 2014.

See accompanying notes and auditors' report.



TOWN OF MARION  
MARION, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE 4

Kenneth W. Franklin , Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$6,000.00
Benefits -Insurance	None
Benefits - Retirement	\$180.00
Benefits	None
Car Allowance	None
Vehicle Provided by Government	None
Per Diem	None
Reimbursements	None
Travel	None
Registration Fees	\$60.00
Conference Travel	None
Continuing Professional Education Fees	None
Housing	None
Unvouchered Expenses	None
Special Meals	None

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
SCHEDULE OF CURRENT INSURANCE IN FORCE (UNAUDITED)  
DECEMBER 31, 2014

SCHEDULE 5

<u>INSURANCE COMPANY</u>	<u>POLICY</u>	<u>DATE</u>	<u>COVERAGE TYPE</u>	<u>AMOUNT</u>	<u>PREMIUM</u>
Employers Mutual Insurance Co.	5A1023015	05/01/14 - 05/01/15	Property		\$ 2,034.82
			398 Main Street		
			Building	\$ 676,150.00	
			Contents	15,750.00	
			111 Gayle Street		
			Building	571,100.00	1,848.14
			Contents	52,500.00	
			Co-Insurance	90%	
			Deductible	1,000.00	
			Water Tank		1,106.62
Employers Mutual Insurance Co.	5A1023015	05/01/14 - 05/01/15	Inland Marine		142.00
Travelers Indemnity Co. of America	6605E720504	05/01/14 - 05/01/15	Case Backhoe	38,000.00	709.00
			Generator	72,000.00	
			Data/Media	50,000.00	
			Deductible	1,000.00	
Travelers Indemnity Co. of America	6605E720504	05/01/14 - 05/01/15	Government Crime Policy	100,000.00	250.00
Travelers Indemnity Co. of America	81008B167085	05/01/14 - 05/01/15	Commercial Auto Liability		13,882.00
			Combined Single Limit	1,000,000.00	
			Uninsured Motorist	1,000,000.00	
			Medical Payments	1,000.00	
Employers Mutual Insurance Co.	5A1023015	05/01/14 - 05/01/15	Commercial Auto Physical Damage		2,368.00
			2003 International Garbage Truck	55,000.00	
			Deductible	1,000.00	
			2005 Crown Victoria	8,250.00	
			Deductible	1,000.00	
			1987 Spartan Pumper Truck	45,000.00	
			Deductible	1,000.00	
			2005 Sterling Fire Truck	160,000.00	
			Deductible	10,000.00	
			2005 Sterling Fire Truck	160,000.00	
			Deductible	1,000.00	
			2008 Dodge Truck	15,000.00	
			Deductible	1,000.00	
			2010 Dodge Charger	25,000.00	
			Deductible	1,000.00	
Travelers Indemnity Co.	ZLP61M04469	05/01/14 - 05/01/15	General Liability		

			Aggregate	2,000,000.00	8,512.00
			P & CO Aggregate	2,000,000.00	
			Per Occurrence	1,000,000.00	
			Medical Payments	Excluded	
Louisiana Workers Comp	133393-B	05/01/14 - 05/01/15	Workmen's Compensation		11,603.00
			Each Accident	1,000,000.00	
			Disease - Policy Limit	1,000,000.00	
			Disease - Each Employee	1,000,000.00	
Travelers Indemnity Co.	ZLP61M04469	05/01/14 - 05/01/15	Public Entity Employment Related Practices Liability		
			Aggregate (shared limit)	1,000,000.00	2,500.00
			Each Wrongful Act	1,000,000.00	
			Deductible	5,000.00	
Travelers Indemnity Co.	ZLP61M04469	05/01/14 - 05/01/15	Employee Benefits Plan Liability		192.00
			Aggregate	3,000,000.00	
			Each Wrongful Act	1,000,000.00	
Travelers Indemnity Co.	ZLP61M04469	05/01/14 - 05/01/15	Public Entity Management Liability		1,000.00
			Aggregate	1,000,000.00	
			Each Wrongful Act	1,000,000.00	
			Deductible	5,000.00	
Travelers Indemnity Co.	ZLP61M04469	05/01/14 - 05/01/15	Law Enforcement Liability		3,877.00
			Aggregate	1,000,000.00	
			Each Wrongful Act	1,000,000.00	
			Deductible	5,000.00	
Blue Cross	26X31ERC	Monthly	Employee Health and Accident HMO Group Premium Age Based Town Pays for Employees Health; One Employee has Family Coverage Which is Paid by Employee.	Estimated for 2015	40,171.20
Guardian Life	748682	Monthly	Employee Term Life/Dental/Vision Plan Premium Age Based Town Pays for Employees Premiums	Estimated for 2015	5,361.00
AFLAC	CNC62	Monthly	Employee Cafeteria Plan Premiums are Paid by Participating Employees		.00

See accompanying notes and auditors' report.

TOWN OF MARION  
MARION, LOUISIANA  
CASH ACCOUNTS AND INVESTMENTS  
DECEMBER 31, 2014

SCHEDULE 6

	INTEREST RATE	GOVERNMENTAL ACTIVITIES	BUSINESS -TYPE ACTIVITIES	TOTAL FUNDS
<u>CASH ACCOUNTS</u>				
Regular Checking	0.50%	\$ 269,466.46	\$ 103,051.67	\$ 372,518.13
Regular Checking - Sewer	0.50%	.00	128,836.07	128,836.07
Petty Cash		.00	100.00	100.00
Total		<u>\$ 269,466.46</u>	<u>\$ 231,987.74</u>	<u>\$ 501,454.20</u>
<u>INVESTED FUNDS</u>				
Certificate of Deposit - General Fund	1.88%	\$ 13,797.38	\$ .00	\$ 13,797.38
Certificate of Deposit - Water	1.00%	.00	32,807.17	32,807.17
Total		<u>\$ 13,797.38</u>	<u>\$ 32,807.17</u>	<u>\$ 46,604.55</u>
<u>RESTRICTED FUNDS OR ASSIGNED FUNDS</u>				
Utility Deposit Checking	0.50%	\$ .00	\$ 20,275.65	\$ 20,275.65
LCDBG Street Project Checking	-	200.00	.00	200.00
Savings Fire Bond Sinking Fund	0.10%	2,660.98	.00	2,660.98
Savings Fire Bond Reserve Fund	0.10%	1,491.47	.00	1,491.47
Savings Fire Bond Depreciation Fund	0.10%	2,131.92	.00	2,131.92
Savings Fire Bond Contingency Fund	0.10%	2,131.92	.00	2,131.92
Savings Water Sinking Fund	0.10%	.00	61,126.76	61,126.76
Savings Water Debt Service Fund	0.10%	.00	12,676.80	12,676.80
Savings Water Contingency Fund	0.10%	.00	12,676.80	12,676.80
Savings Water Depr. S/L Assets	0.10%	.00	22,884.37	22,884.37
<u>RESTRICTED INVESTED FUNDS</u>				
Water Deprecation Short Lived Assets	1.00%	.00	110,364.37	110,364.37
Water Dept. Utility Deposits:				
Certificates of Deposits	1.00%	.00	16,511.18	16,511.18
Water Operation & Maintenance	1.00%	.00	22,931.93	22,931.93
CF Elevated Tank Debt Service Reserve	1.00%	.00	3,664.92	3,664.92
Total		<u>\$ 8,616.29</u>	<u>\$ 283,112.78</u>	<u>\$ 291,729.07</u>
<u>GRAND TOTALS</u>		<u>\$ 291,880.13</u>	<u>\$ 547,907.69</u>	<u>\$ 839,787.82</u>

See accompanying notes and auditors' report.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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119 PROFESSIONAL DRIVE  
WEST MONROE, LOUISIANA 71291

CAROLYN V. GARRETT  
JUDY D. GARRETT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor Kenneth W. Franklin  
and the Board of Aldermen and Alderwomen  
Town of Marion, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Marion, Louisiana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town of Marion, Louisiana's basic financial statements, and have issued our report thereon dated June 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Marion, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Marion, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Marion, Louisiana's internal control.

*A deficiency in internal control exists* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, recommendations, and questioned costs that we consider to be significant deficiencies. (See finding, recommendations, and question costs 14-01 - 14-03)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Marion, Louisiana's financial statements are free from material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Town of Marion, Louisiana's Response to Findings**

The Town of Marion, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations, and questioned costs. The Town of Marion, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The Honorable Mayor Kenneth W. Franklin  
and Members of the Board of Aldermen and Alderwomen  
Town of Marion, Louisiana  
Page 2

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Garrett and Garrett, CPAS

A handwritten signature in black ink that reads "Garrett & Garrett CPAs". The signature is written in a cursive, stylized font.

West Monroe, Louisiana  
June 19, 2015

**PRIOR YEAR AUDIT FINDINGS**



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PHONE: 318 322-0845  
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June 19, 2015

The Honorable Kenneth Franklin, Mayor  
and Members of the Board of Aldermen and Alderwomen  
Marion, Louisiana

The following are our recommendations and a summary of audit findings for 2013.

Prior Years:

**13-01 General Accounting**

Condition

Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.

Criteria

The Town is responsible for preparing financial statements required by the Louisiana Legislative Auditor's.

Cause

The population of the Town does not give the Town the opportunity to hire individuals with the required knowledge to prepare financial statements and related footnotes that would be required by the Louisiana Legislative Auditor's Office. The financial cost may also be unrealistic for a Town of this size.

Effect

The Town cannot issue financial statements with the required standards, however, the Town can prepare financial statements that can be used for the Town's management and some third party agencies.

Recommendation

No action is recommended.

Name of Contact Person

Johnnie Baker, Clerk

Corrective Action Planned/Management's Response

The Town concurs with the finding, but it is not economically feasible for corrective action to be taken.

SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND QUESTIONED COST

TOWN OF MARION  
MARION, LOUISIANA  
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Our recommendations are the result of our assessment of the current procedures and practices of the Town's operations and are intended to improve controls over financial operations, provide advice in implementing good business practices, and ensure compliance with state laws. However, management of the Town should consider the cost of implementing our recommendations compared to the benefits they will provide.

**14-01 General Accounting**

Condition

Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.

Criteria

The Town is responsible for preparing financial statements required by the Louisiana Legislative Auditor's.

Cause

The population of the Town does not give the Town the opportunity to hire individuals with the required knowledge to prepare financial statements and related footnotes that would be required by the Louisiana Legislative Auditor's Office. The financial cost may also be unrealistic for a Town of this size.

Effect

The Town cannot issue financial statements with the required standards, however, the Town can prepare financial statements that can be used for the Town's management and some third party agencies.

Recommendation

No action is recommended.

Name of Contact Person

Johnnie Baker, Clerk

Corrective Action Planned/Management's Response

The Town concurs with the finding, but it is not economically feasible for corrective action to be taken.

**14-02 Cell Phone Charges**

Condition

One of Town's cell phone had charges that went over the limit by around \$600 in total. The cell bill does not report detail of charges for the cell phones. According to the clerk the phone company will send details of charges if requested. In this case, the clerk asked for the details of the charges and did receive them. She gave the bills to the employee who had the cell phone. She did not remember why the use went over the limit, but thought it may have been personal. We were not supplied with the detail of the charges.

This is the first year there has been a problem with cell phone usage and this employee has been a model employee in the past. This problem has not been on going problem. The Clerk believed that one of the employee's pre-school age grandchildren got the phone and was responsible for the additional charges.

Criteria

Any personal use of Town assets is prohibited by state and federal laws.

TOWN OF MARION  
MARION, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Cause

Cell phones are used instead of pagers for emergencies for the Town. It is up to the Town employees to secure the phones for unauthorized use.

Effect

The Town may pay additional charges for unauthorized transactions.

Recommendation

We suggest that anytime the usage goes over the minutes, the clerk should receive the details of the charges, document the reason for the charges and report the findings to the mayor. If any charges are personal in nature, the employee should be required to pay the charges back to the Town. In the above situation, if the charges are personal, then the employee should reimburse the Town for the personal use of the phone.

Name of Contact Person

Kenneth Franklin, Mayor

Corrective Action Planned/Management's Response

According to the clerk, the employee has now secured the phone. The employee will reimburse the Town for the fees.

**14-03 Cable Franchise Fees**

Condition

The Town is not collecting franchise fees from the cable company.

Criteria

In the United States cable television industry, a cable television franchise fee is an annual fee charged by a local government to a private cable television company as compensation for using public property it owns as right-of-way for its cable.

Cause

The cable company was owed at one time by Century Telephone. The franchise fees were included in the fees of that company. At some point this part of the telephone company was split out and sold to another company. Since the Town had not been receiving separate franchise fees in the past, they did not think about the lack of payments from the cable company.

Effect

The Town is not collecting fees that they are due.

Recommendation

The Town needs to notify the cable company of the franchise fee ordinance and start collecting the fees.

Name of Contact Person

Kenneth Franklin, Mayor

Corrective Action Planned/Management's Response

The Town will check their ordinance and make the suggested changes.